



**Natalie Mindrum**  
Director  
Environmental Strategy and  
Sustainability

June 6, 2016

Mary Nichols, Chair  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95812-2815

RE: Very Low Carbon Incentive Fund

Dear Chair Nichols:

On behalf of United Airlines, I would like to express our appreciation for your interest and the engagement of the Air Resources Board staff relative to renewable aviation fuels. We are excited about the prospect of creating a viable and robust market in California, and hopefully throughout the nation.

The Board will consider the Low Carbon Transportation and Fuels Investments and the Air Quality Improvement Program at your hearing June 23 and 24<sup>th</sup>. This letter is to provide comments on the proposed the Very Low Carbon Incentive Program.

As you know, on March 11<sup>th</sup>, in collaboration with Paramount-based AltAir Fuels, United began integrating bio jet fuel into our everyday operations for flights out of Los Angeles International Airport. We have a 3-year agreement for 15 million gallons of renewable aviation fuel from AltAir. This fuel will power 12,500 flights, and provide more than a 60% lifecycle reduction in GHG emissions.

While we are proud of this achievement, we hope to further expand our use of renewable aviation fuel in California and believe other airlines will follow. However, to make renewable aviation fuel economically viable, it must be eligible for government incentive programs for low carbon fuel, similar to renewable diesel and other fuels.

Only renewable ground transportation fuels are eligible for credit under the Low Carbon Fuel Standard. And currently, aviation fuels are also not explicitly eligible under the proposed Staff Recommendations for the Very Low Carbon Incentive Fund program.

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Because aviation fuels don't qualify to generate credits under LCFS, producers are consequently incentivized to produce other renewable fuels, such as renewable diesel. The LCFS unnecessarily distorts the biofuels market by favoring production of renewable diesel over renewable jet fuel,

even though both fuels can be produced from the same facility and deliver comparable lifecycle GHG reductions. According to AltAir Fuels, their renewable jet fuel has a carbon intensity well under 40%. The Federal Aviation Administration's testing of these fuels indicates up to a 50% reduction in particulate matter emissions.

We appreciate the attention the Board and staff are giving to aviation fuels and how to best incorporate this dynamic sector into your climate change priorities, while at the same time acknowledging the federal pre-emption authority over regulation of traditional jet fuel. We are dedicated to working through this process with you and your staff, and to creating a viable opt-in program for eligible credits that will create a long-term sustainable platform to continue to grow the renewable aviation fuel market throughout California. We view the Low Carbon Fuel Standard Program as the most functional and effective model to accomplish this goal.

Of imminent interest to United Airlines and our renewable aviation fuel production partners is the **Very Low Carbon Incentive Fund** rulemaking process. This program offers an extraordinary first step for the State to facilitate the production of renewable jet fuel in California.

The emerging development and production of renewable jet fuel raises exciting opportunities for significant lifecycle GHG emission reductions in a federally regulated sector. However, without the equivalent incentives developed for other renewable low-carbon fuels, the production of renewable jet fuel will significantly lag behind the anticipated market demand, compelling greater use of traditional jet fuel.

An incentive at parity with or exceeding those currently obtained by renewable diesel will help ensure a scale-able and economically viable market for renewable jet fuel, bring clean energy jobs to California in and create opportunities for commercial airlines to support California's GHG emission reduction objectives.

As you consider the staff recommendations for the Very Low Carbon Incentive Program, we respectfully request the following changes:

- Include renewable aviation fuel as an eligible fuel for LCIF credit;
- Provide for certification of the pathway using a mechanism similar to the process under LCFS;
- In recognition of the availability of LCFS credits for production of renewable fuels and the current exclusion of aviation fuels under LCFS, provide an additional incentive credit for renewable aviation fuels, in order for producers to achieve incentives equal to those they receive for renewable diesel.

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Thank you for your consideration of this request. We look forward to working with you and CARB to effectively capture significant reductions in carbon and PM emissions in commercial aviation in California.

Sincerely,



Natalie Mindrum

Cc: Members, CA Air Resources Board  
Richard Corey, Executive Director  
Sam Wade, Deputy Director  
Jennifer Gress, Legislative Director